

**EASTGATE ESTATES**  
**Statement of Operating Income**  
For the Test Year Ending December 31, 2009

Line No.	Description	
	(a)	(b)
1	Wastewater Service Revenues	\$ 5,778
2	Other Operating Revenues	
3	Total Operating Revenue	<u>5,778</u>
4		
5	Salaries & Wages Expense	2,489
6	Sludge Removal	549
7	Purchased Power	351
8	Materials & Supplies Expense	150
9	Contractual Services	324
10	Insurance	259
11	Depreciation & Amortization Expenses	347
12	Regulatory Assessment Fees	162
13	Payroll Taxes	190
14		
15	Total Operating Expenses	<u></u>
16	Before Income Taxes	4,821
17	State Income Tax	47
18	Federal Income Tax	97
19	Deferred Taxes and ITCs Net	
20	Total Operating Expenses	<u>4,965</u>
21	NET OPERATING INCOME	<u>\$ 813</u>
22	Rate Base	\$ 8,397
23	Overall Rate of Return	9.70%

## EASTGATE ESTATES

### Rate Base

For the Test Year Ending December 31, 2009

Line No.	Description (a)	Proposed Rate Base (b)
1	Gross Utility Plant	\$ 8,667
2	Accumulated Depreciation and Amortization	<u>(347)</u>
3	Net plant	8,320
4	Addition to Rate Base	
5	Working Capital	559
6		
7		
8		
9		
10		
11	Deductions from Rate Base	
12	Contributions in Aid of Construction	0
13	Accumulated Amortization	0
14		
15	Customer Deposits	(482)
16		
17		
18		
19		
20		
21		<u>          </u>
22	Rate Base	\$ 8,397

**EASTGATE ESTATES**  
**Payroll Tax Expenses**  
For the Test Year Ending December 31, 2009

Line No.	Description (a)	Amount (b)
1	Wages and Salaries	\$ 2,489
2	Employer Payroll Tax Rate	<u>7.65% FICA Rate</u>
3	Payroll Tax Expense	<u>\$ 190</u> Line 1 times line 2

**EASTGATE ESTATES**  
**Working Capital Allowance**  
 For the Test Year Ending December 31, 2009

Line No.	Description (a)	Amount (b)	Source ©
1	Operating Expenses	\$ 4,821	Schedule 1.06-1, column (b), line 16
2	Less Depreciation Expense	<u>347</u>	Schedule 1.06-1, column (b), line 11
3	Subtotal	\$ 4,474	Sum of Lines 1 and 2
4	1/8 Method	<u>8</u>	
5	Cash Working Capital Allowance	<u>\$ 559</u>	Line 3 divided by line 4

Docket NO. 08-0491

15-Aug-08

Exhibit 1.06 EG

Schedule 1.06-3

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**EASTGATE ESTATES**  
**Interest Synchronization Adjustment**  
For the Test Year Ending December 31, 2009

Line No.	Description (a)	Amount (b)
1	Rate Base	\$ 8,397
2	Weighted Cost of Debt	3.70%
3	Synchronized Interest (Line 1 x Line 2)	311
4	Interest Expense	<u>          </u>
5	Increase (Decrease) in Interest Expense	<u>311</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 7.300%	<u>\$ (23)</u>
8	Increase (Decrease) in Federal Income Tax Expense	
	at 15.000%	<u>\$ (47)</u>